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New slant

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The New Slant

PARADOXICAL though it may seem, it is nevertheless true that we as Americans are finding it difficult to come into a full realization of the important position we have attained as the world's leading creditor nation. We appear to be astounded at the phenomenon. We seem to expect that the present state of affairs cannot long continue.

Our role is a new one. It was thrust upon us suddenly by force of the circumstances surrounding the Great War. At no previous era in our history have we approached the position of strength we now hold.

The colonial period was one of virtual economic dependence upon Great Britain. Largely responsible for this were the necessity which the early settlers faced of obtaining a foothold in a new country, and the restrictive commercial policy which England maintained toward her possessions in the New World.

Although we gained political independence through the Revolution, we were engaged for several decades in a struggle to become commercially and economically independent of Europe. Another war—that of 1812—was necessary to secure commercial freedom. Economic independence came about even more slowly.

During the nineteenth century we turned to the solution of internal and domestic problems. The west was settled and

annexed to the Union. Industry developed after being freed from the restraint which had been placed upon it by England. Questions of banking and currency, slavery and states' rights, and related problems occupied our full attention until after the readjustment following the Civil War.

The settlement of our domestic affairs made possible an era of perfection in our agricultural and industrial arrangements. Large organizations were formed, with vast amounts of capital accumulated under one management, capable of large output. With improved transportation facilities these became national in scope. Our capacity gradually increased so as to permit not only the satisfaction of our own needs, but also the production of a surplus.

We were just beginning to consider the possibilities of international trade when the outbreak of war suddenly forced us into an active participation in foreign affairs. We were called upon to furnish supplies to nations whose men were withdrawn from peaceful pursuits. We were asked to lend a part of our great store of wealth. America became the world's merchant and the world's banker. We emerged from the war the world's greatest creditor nation.

During the period of rehabilitation we have strengthened this position. The total volume of our foreign trade, and the excess of exports over imports are mounting

steadily. The services of many prominent Americans are being utilized in effecting readjustment. Above all, we are making further loans for reconstruction and development abroad.

Europe—and other foreign continents—will continue to look to America as the world's merchant and the world's banker. We are peculiarly adapted to fill such a position. Our vast resources and our highly perfected industry enable us better than any other nation to supply foreign markets. Our vast store of wealth, augmented every year by the production of a surplus, constitutes an ideal source on which to draw for international financing.

American accountants, as well as American farmers, manufacturers, and capital-

ists, have a duty to recognize their country's new part in international affairs; to catch, as it were, the new slant.

The services of American accountants are now being utilized, and will continue to be even more in demand abroad. Loans can be granted only on the basis of proper credit investigations. American lenders recognize the advantages of retaining practitioners therefor with whose methods and standing they are familiar.

By making themselves available to offer the greatest amount of coöperation possible to their fellow countrymen operating in foreign lands, American accountants will perform a valuable service toward maintaining and strengthening their country's position in international affairs.

The Bugaboo of the Debts Are We To Be Scared Out of World Leadership?

BY GEORGE P. AULD

Accountant General of the Reparation Commission 1920-1924

[EDITORIAL NOTE: The following article by Mr. George P. Auld, of our New York Broad Street office, appeared in the New York Herald Tribune of July 2, 1925. It is of interest for the forward thinking which it denotes and the clarity with which the thoughts are expressed. The article opens an outlook and furnishes a topic which America must face if she is to retain a place of honor among the great nations of the world.]

(The Dawes plan was challenged at the recent Brussels economic conference by British and European economists. A concerted effort was made to prove either that the international debts could not be paid or that if they could be paid their payment would ruin this country. Mr. Auld, the author of this article in rebuttal, writes with authority upon the subject of reparations by reason of his services in assisting Owen D. Young in the installation of the Dawes plan as well as his long association with the Reparation Commission.)

ATTACKS on the Dawes plan like those which greeted the delegates to the convention of the International Chamber of Commerce at Brussels are based almost entirely on theoretical grounds, there being no practical reasons for complaint against it. In choosing their grounds of attack the critics oscillate between the two mutually contradictory doctrines that

international debts cannot be paid and that the payment of international debts will bring ruin to the creditor nation. These hypotheses, representing the attempts of experts of the Keynes persuasion to read the distant future, have been advanced again and again in support of propositions for the present cancellation of war debts. During the time when the practical men who made the Dawes plan were engaged in their work most of the theorists were allowed to take a holiday. But they die hard. In the light of facts and events their theories are becoming somewhat less plausible, but they still possess a certain fascination for those who do not follow Lord Salisbury's recipe of adding equal parts of common sense to the opinions of experts